



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 19, 2006

H.R. 1996 **Coral Reef and Coastal Marine Conservation Act of 2005**

*As agreed to by the House Committee on International Relations
on September 13, 2006*

SUMMARY

H.R. 1996 would authorize the appropriation of \$10 million a year for fiscal years 2006 through 2009 for the cost, as defined by the Federal Credit Reform Act, of modifying debt owed to the United States by other countries. Under the bill, the United States would modify or forgive the debt of certain countries that agree to protect coral reefs.

CBO estimates that implementing this bill would cost \$1 million in 2007 and \$29 million over the 2007-2011 period, assuming appropriation of the authorized amounts. (Since fiscal year 2006 is nearly complete, we assume that no additional funds will be provided this year.) Enacting H.R. 1996 would not affect direct spending or revenues.

H.R. 1996 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1996 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs). For the purposes of this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2007, that the authorized amounts will be appropriated for fiscal years 2007, 2008, and 2009, and that spending will follow historical patterns for similar activities.

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	10	10	10	0	0
Estimated Outlays	1	6	9	9	4

BASIS OF ESTIMATE

H.R. 1996 would authorize the Secretary of State to negotiate agreements with eligible countries to create a local fund in each country that would be administered by local boards with the authority to make grants to maintain, preserve, and restore coral reefs. The local funds would receive a stream of payments generated by modifying the terms of outstanding development assistance debt owed to the United States. The bill would authorize the appropriation of \$10 million a year through 2009 to cover the cost, as defined by the Federal Credit Reform Act, for modifying the terms of outstanding debt.

The debt modification authorized by H.R. 1996 would include the authority to reduce and restructure debt, trade debt, or sell debt back to an eligible country in ways that will generate income for the local funds. Based on the assumed date of enactment and historical spending patterns for other debt forgiveness programs, CBO estimates that implementing H.R. 1996 would cost \$1 million in 2007 and \$29 million over the 2007-2011 period, assuming appropriation of the authorized amounts for 2007 through 2009. (CBO does not expect any further appropriations to be made for this purpose in fiscal year 2006.)

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1996 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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